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## DISCUSSION

Since the beginning of the year the Chinese leadership has made major progress toward preparing for a smooth succession to a younger leadership. The pivotal event in this regard was the Chinese Communist Party's Fifth Plenum, held in late February, which represented a personal triumph for Deng Xiaoping. The personnel and organizational changes approved by the plenum were designed to ensure long-term political continuity and stability while China pursues its modernization program. 25X1

The dismissal of four Politburo members considered to be leftist holdovers strengthens Deng's hand and removes a symbol of resistance to his policies. Their fall also helps clear the way for the thoroughgoing reform and revitalization of the party bureaucracy that Deng and his colleagues consider essential for successful implementation of modernization policies. In the aftermath of the plenum almost all of China's provinces have held high-level meetings to lay the groundwork for dealing with the factionalism, corruption, and ideological confusion that has beset the party since the Cultural Revolution. 25X1

### Two Rising Stars

The elevation of two Deng proteges, Hu Yaobang and Zhao Ziyang, to key positions in the hierarchy should prepare them to take over the reins of power during the next few years. Last month Zhao was appointed "presiding vice premier," a designation that suggests he oversees the day-to-day work of the government. Hu Yaobang is General Secretary of the Central Committee, presiding over a reconstituted party secretariat. Hu and Zhao bear a distinctly Dengist stamp, but neither man is yet in an unchallengeable position of power, and both will be reliant on Deng for political support and policy guidance for some time. Zhao, moving from a provincial base to the center, will need time to get a grasp on the government bureaucracy he is now charged with supervising. 25X1

There are reportedly some in the leadership who are not happy with the kind of succession arrangements that appear to push aside older leaders still in good health. These senior leaders will probably continue to act at times as a brake on Deng and his reformist team. Unlike the four leftists, they do not represent a consistent, programmatic opposition to

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Deng, but rather they raise occasional objections to the pace and extent of political change fostered by Deng. Given their seniority and prestige, Deng cannot ignore their concerns, and, as in the past, it can be expected that when certain of his policies meet with strong challenge, he will feel constrained to retreat. [REDACTED]

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### Hua's Future

While Deng's relations with the other seniors could prove prickly at times, the most problematic set of relationships in the next few years involves the three key figures in the "successor" generation--Hua Guofeng, Hu Yaobang, and Zhao Ziyang. Their overlapping responsibilities almost ensure a sense of competitiveness. In the transition period, while Deng's influence is at its height, Hua is at a decided disadvantage. His power base has been progressively eroded since Deng's return to power, and there are rumors now about his impending loss of the premiership or even the party chairmanship. Indeed, it is possible that he will relinquish the premiership to Zhao, perhaps this year. [REDACTED]

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While Hua has proven adept at adjusting to the prevailing trend and has clearly identified himself with the modernization program, his position has become still more anomalous after the Fifth Plenum. Hu and Zhao have assumed primary responsibilities in the party and government bureaucracies, respectively, leaving Hua as a largely titular party chairman. There may be some followers of Deng Xiaoping who believe that Hua does not merit even that title, bestowed on him by Mao in a manner that is now officially deprecated. There is thus an air of uncertainty at the top level of the hierarchy, and the outcome will depend on how Hua manages to define his relationships within the collective leadership emerging from the plenum. [REDACTED]

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In any event, Deng himself has made it clear that he will play a progressively less active role in the day-to-day administration of state affairs. At the session of the National People's Congress scheduled for August he may well step down as vice premier much as he relinquished the PLA chief of staff post earlier this year. His concern is to set the stage for a smooth passage of power to the younger generation, avoiding the turmoil of the succession struggle that characterized Mao's last years. Deng will nonetheless continue to play a major role in policy formulation by virtue of his position

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as party vice chairman. Other senior leaders, such as Li Xiannian and Ye Jianying, will almost certainly follow Deng's lead in surrendering some of their responsibilities. [ ]

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### Military Reshuffle

There is no indication that the Fifth Plenum dealt in a major way with military affairs; but before its convocation the PLA high command underwent the most extensive reshuffle since the rotation of military region commanders in 1973 (see accompanying table). While some of these shifts were designed to pave the way for the plenum by displacing those generals suspected of having leftist ties, most were aimed at elevating younger officers to important command positions and stressing military over political qualifications. In terms of party-army relations the reshuffle will enable civilian officials to conduct their affairs with less concern about interference from military leaders. [ ]

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Of these appointments, clearly the most important is that of General Yang Dezhi to replace Deng as Chief of Staff. Yang's concurrent positions on the Military Commission Standing Committee and the party Secretariat indicate that he will play a major role in defense policy formulation as well as implementation. [ ]

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### Setback for Geng Biao

Yang's elevation to the Secretariat at the Fifth Plenum apparently came at the expense of Vice Premier Geng Biao. [ ]

[ ] Geng was one of a number of senior officials proposed for membership in the new party Secretariat. At the session devoted to discussion of candidates, however, there was an outpouring of criticism directed at Geng's abuse of his leadership privileges. Many of the accusations revolved around his repeated use of his influence with the Foreign Ministry and the Xinaghua news agency to arrange choice overseas assignments for members of his family. He is also said to have a lavish lifestyle. Although this incident suggests Geng has some high-level detractors in the party, his continued prominence as Military Commission Secretary General strongly suggests that he is not in serious political trouble. [ ]

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## Military Transfers in China, January - April 1980

Name	New Position	Date	Old Position	Replacing	Assigned to
Qin Jiwei	Cdr, Beijing MR	1/23	1st PC, Beijing MR	Chen Xilian	Unknown
Yuan Shengping	PC, Beijing MR	2/1	Military Academy	Qin Jiwei	Cdr, Beijing MR
Pan Yan	Cdr, Beijing Garrison	2/1	C/S, Navy	Fu Chongbi	1st DC, Beijing MR*
You Taizhong	Cdr, Chengdu MR	1/25	DC, Beijing MR	Post vacant	--
Wu Kehua	Cdr, Guangzhou MR	2/5	Cdr, Urumqi MR	Xu Shiyu	MAC
Xi Zhongxun	1st PC Guangzhou MR	2/5	2nd PC, Guangzhou MR	Wei Guoqing	Director, GPD*
Rao Shoukun	Cdr, Jinan MR	2/12	Cdr, North Sea Fleet	Zeng Siyu	Unknown
Xiao Wangdong	1st PC, Jinan MR	1/15	PC, Jinan MR	Bai Rubing	1st Sec, Shandong*
Zhang Zhixiu	Cdr, Kunming MR	2/1	DC, Kunming MR	Yang Dezhi	C/S, Military Commission
Guo Linxiang	1st PC, Nanjing MR	2/13	2nd PC, Urumqi MR	Liao Hansheng	1st PC, Shenyang MR
Liao Hansheng	1st PC, Shenyang MR	2/1	1st PC, Nanjing MR	Post vacant	--
Zhang Caiqian	Cdr, Wuhan MR	2/2	Dep Chief, Gen Staff	Wang Bicheng	Unknown
Xiao Quanfu	Cdr, Urumqi MR	1/30	DC, Shenyang MR	Wu Kehua	Cdr, Guangzhou MR
Tan Youlin	PC, Urumqi MR	1/30	DPC, Urumqi MR	Guo Linxiang	1st PG, Nanjing MR
Ye Fei	Cdr, Navy	2/19	1st PC, Navy	Xiao Jingguang	Vice Min of Defense*
Zhang Zhen	Dep Chief, Gen Staff	?	Director, GLD	Li Da	Retired (Adviser)
Hua Nan	Dep Dir, GPD	4/15	Editor in Chief, <u>Liberation Army Daily</u>	Xu Liqing	2nd PC, Chengdu MR
Du Yide	Cdr, Lanzhou MR	4/5	PC, Navy	Han Xianchu	Military Commission
Hong Xuezhi	Logistics	3/19	Head, National Defense Industries Office	Zhang Zhen	Dep Chief of Staff
Xu Liqing	2nd PC, Chengdu MR	3/15	Dep Dir, GPD	Kong Shiquan	Unknown
Han Xianchu	MAC	2/16	Cdr, Lanzhou MR	--	--
Yang Yong	MAC	2/16	--	--	--
Yang Dezhi	MAC	2/16	--	--	--
Wang Ping	MAC	2/16	--	--	--
Liu Huaqing	Dep Chief, Gen Staff	?	Asst Chief, Gen Staff	?	--

Asst = Assistant; Cdr = Commander; C/S = Chief of Staff; DC = Deputy Commander; Dep = Deputy; Dir = Director; DPC = Deputy Political Commission; Gen = General; GPD = General Political Department; MAC = Military Affairs Commission; Min = Minister; MR = Military Region; PC = Political Commissar; Sec = Secretary.

\*Previously held position.

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### Problems Remain

Despite the Fifth Plenum's achievements in preparing the succession from Deng's generation, there are still a number of pressing issues that will bear directly on the prospects for stability:

- The posthumous rehabilitation of former Chief of State Liu Shaoqi raises sensitive questions about the Cultural Revolution, Mao Zedong's responsibility, and the fate of current leaders who benefited from that movement.
- Party reform down through the swollen ranks will exacerbate tensions as party functionaries who are incompetent or resist modernization policies maneuver to protect their interests.
- The permanence of the succession arrangements will increasingly depend on whether the leadership can point to positive results from its economic modernization policies.

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### Modernization and the Military

Perhaps more than any other factor, this need to show substantial economic progress has militated against an increase in defense spending. The Soviet invasion of Afghanistan notwithstanding, the Chinese have given no sign that they intend to invest a larger proportion of funds in military modernization. Indeed, in a major speech in January, setting forth priorities for the 1980s, Deng Xiaoping reaffirmed that the civilian sector will take precedence over military needs unless a major war breaks out. Moreover, military modernization continues to be listed third behind agriculture and industry in the official ranking of priorities, a spot that may overstate its actual importance. A number of senior PLA leaders, including Geng Biao, have told visitors that upgrading of the armed forces is last among the Four Modernizations, after science and technology.

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Beijing may nevertheless decide to reallocate resources among the service arms, stepping up the pace of modernization in such key areas as antitank weapons and air defense. Such a decision would probably increase the prospects for foreign licensing arrangements. The Chinese continue to show interest in the acquisition of military technology abroad, but at this juncture have apparently ruled out buying costly weapon systems in quantity.

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Despite indications that the Chinese intend to hold the line on defense spending, the issue may not be entirely settled. Beijing is currently in the process of working out its new 10-year economic plan (1981-90) and this provides an opportunity for those who favor an acceleration of military modernization to air their case.

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a debate is currently under way in Beijing between those military men who want to arm quickly and civilian leaders who believe a war involving China is far in the future.

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those favoring rapid rearmament want to finance foreign military purchases with borrowed funds. This has been resisted by civilian planners who fear that China will be unable to repay the loans and object to investing funds in areas that will not produce export earnings. Those planners are allegedly somewhat more sympathetic to purchasing military-related technology on credit because, unlike the hardware itself, dual-use technology could be used to earn foreign exchange.

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Despite this questioning of prevailing policy, it seems unlikely that there will be a proportional increase in China's defense outlays at least during the next couple of years. This is primarily because Deng himself seems to be behind the policy of holding steady the military's portion of the budget while looking for less expensive ways to modernize the PLA. At present, such efforts are aimed at bringing new blood into the command structure at all levels, training and rooting out political factionalism. These are all policies that have been pursued with greater vigor during the past year and particularly since the Fifth Plenum.

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Long-term economic plans notwithstanding, China's military budget in the coming years will be influenced strongly by developments abroad. China is acutely aware of its military vulnerability, perhaps more than at any time in the past few years, and the Soviet move into Afghanistan confirmed Beijing's worst fears. Although Beijing has not gone so far as to alter its assessment of the probability of war, it has become more vocal about the need to take concrete actions to oppose the Soviets. During Secretary Brown's visit in January, Deng first struck this new tone, calling on China and the United States to do something "in a down-to-earth way" to

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resist Moscow. In February, an authoritative commentator in the People's Daily indicated that China intends to do more to meet its "increasing international responsibilities." The evidence to date suggests that China has diplomatic moves in mind rather than an increase in its own defense effort. This could change, however. The general level of international tension, and Soviet and Vietnamese actions and the US response will be key factors. "

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